



August 8, 2016

City of Portland
Bureau of Environmental Services
1120 SW Fifth Avenue, Suite 1000
Portland Or 97204
Attn: Eli Callison, Property Manager

Re: **Costco Wholesale Interest in Purchasing Approximately 14.5 acres Located at 2400 NW Front Avenue in Portland, Oregon**

Costco Wholesale Corporation ("**Purchaser**") proposes to purchase from City of Portland Bureau of Environmental Services ("**Seller**") the real property consisting of approximately **14.5 acres**, together with all rights appurtenant thereto, located at 2400 NW Front Avenue in Portland, Oregon (the "**Property**"), on the terms and conditions set forth in this letter of intent (the "**Letter of Intent**"). A sketch of the Property is attached hereto as **Exhibit A**. Purchaser intends to construct and operate a business-to-business and membership warehouse club and associated parking (the "**Project**") (the "**Project**") on the Property.

1. **PURCHASE PRICE.** The purchase price for the Property shall be SIX MILLION AND NO/100 U.S. DOLLARS (US\$6,000,000.00) (the "**Purchase Price**"). The Purchase Price shall be payable at the Closing in immediately available funds.

2. **EARNEST MONEY.** Within **five (5) business days** following the full execution and delivery of a Purchase and Sale Agreement (the "**Purchase Agreement**") for the transaction set forth in this Letter of Intent (the "**Effective Date of the Purchase Agreement**"), Purchaser will deposit earnest money in the amount of ONE HUNDRED THOUSAND AND NO/100 U.S. DOLLARS (US\$100,000.00) (the "**Deposit**") with a title company selected by Purchaser ("**Title Company**"). Title Company will place the Deposit in an interest-bearing account with interest to accrue to Purchaser's benefit. If the transaction closes, the Deposit shall be credited against the Purchase Price. If the transaction does not close for any reason other than default by Purchaser, then the Deposit shall be returned to Purchaser. In the event of Purchaser's default under the Purchase Agreement, Seller shall have as its sole remedy the right to terminate the Purchase Agreement and retain the Deposit as liquidated damages.

3. **CONTINGENCY.** Purchaser shall have until 5:00 p.m. (Portland time) on the date that is **90 days** after the mutual execution and delivery of the Purchase Agreement (the

999 Lake Drive Issaquah, WA 98027
Phone: 425.313.6549; Fax: 425.313.8114; Email: bcoffey@costco.com

"**Contingency Period**") within which to inspect the Property to determine its suitability for Purchaser's intended use and to investigate all other aspects of this transaction. If Purchaser is not satisfied, in its sole discretion, with the results of its inspection, Purchaser may terminate the Purchase Agreement by delivering written notice of its intention to so terminate to Seller at any time within the Contingency Period. In such event the Purchase Agreement shall terminate, the Deposit shall be returned to Buyer and the parties shall have no further obligations thereunder (except for those obligations that expressly survive the termination of the Purchase Agreement).

4. **CLOSING.** The closing of the transaction set forth in this Letter of Intent (the "**Closing**") shall occur at the office of Title Company on a date selected by Purchaser that is within **fifteen (15) days** after Purchaser has waived the contingency set forth in **Section** hereof. At the Closing, Seller will provide Purchaser with a special or limited warranty deed to the Property subject only to exceptions approved by Purchaser. Seller shall cause all deeds of trust, mortgages, assessments and liens encumbering the Property (except for the current year's ad valorem real property taxes) to be paid and satisfied at the Closing. At Closing, Seller shall deliver full, sole, vacant and exclusive possession of the Property to Purchaser, subject to no tenancies, leasehold interests, or other similar interests.

5. **CLOSING COSTS AND PRORATIONS.** Seller shall pay the following costs in connection with the Closing: (i) all real estate excise or transfer, recording, documentary stamp or similar taxes, fees or expenses imposed in connection with the conveyance of the Property; (ii) the premium associated with the issuance of a standard coverage policy of title insurance in the amount of the Purchase Price; (iii) recording fees; and (iv) one-half of Title Company's escrow fee. Purchaser shall pay (i) the additional premium associated with the issuance of an extended coverage policy of title insurance in the amount of the Purchase Price, plus the cost of any endorsements, if requested by Purchaser; and (ii) one-half of Title Company's escrow fee. Each party shall pay its own legal and other consultants' fees incurred in connection with the transaction set forth in this Letter of Intent.

6. **BROKER'S FEE.** Seller and Purchaser each represent and warrant to the other that no real estate agent or broker was involved in negotiating the transaction contemplated herein except for Scott MacLean/Colliers International ("**Broker**"), whose commission shall be paid by Seller at Closing pursuant to the terms of a separate agreement between Seller and Broker. In the event any other claims for real estate commissions, fees or compensation (collectively "**Compensation**") arise in connection with this transaction, the party so incurring or causing such claims agrees to indemnify, defend and hold harmless the other party from any loss or damage, including attorneys' fees, which said other party suffers because of said claims. Neither Purchaser nor Seller shall have any liability to Broker if this transaction should fail to close for any reason whatsoever.

7. **REPRESENTATIONS AND WARRANTIES.** Each person signing this Letter of Intent on behalf of Purchaser and Seller represents he or she has been duly authorized to do so. Seller

shall make usual and customary representations and warranties to Purchaser, which shall be set forth in the Purchase Agreement.

8. PURCHASE AGREEMENT. Upon Seller's acceptance of this Letter of Intent, Purchaser shall prepare an initial draft of the Purchase Agreement, and thereafter, Purchaser and Seller shall proceed to negotiate and finalize the Purchase Agreement for this transaction. The Purchase Agreement shall contain the terms set forth in this Letter of Intent and other terms and provisions customarily contained in commercial purchase agreements.

9. NO NEGOTIATION WITH THIRD PARTY. Seller shall not negotiate with nor commit to sell, lease or otherwise transfer the Property or any portion thereof to any other party as long as Purchaser is proceeding in good faith to negotiate the terms of the Purchase Agreement.

10. SELLER'S UNRESTRICTED RIGHT TO SELL. Seller represents and warrants to Purchaser that no understanding, agreement (either express or implied) or reasonable expectancy of agreement with respect to the sale, lease or other transfer of the Property exists between Seller and any party other than Purchaser as of the date Seller accepts this Letter of Intent. Seller further represents and warrants that Seller is not restricted from negotiating with Purchaser for the purchase of the Property.

11. RIGHT TO ENTER PROPERTY. Seller grants permission to Purchaser and those persons designated by Purchaser to have access to the Property following Seller's acceptance of this Letter of Intent for the purpose of conducting surveys, structural measurements, soil and environmental tests, architectural and engineering studies, and/or any other investigations related to determining the feasibility of the Property for Purchaser's purposes. As consideration for Seller's permission to enter upon the Property as described above, Purchaser agrees to restore the Property to substantially the same condition as existed prior to such entry and to indemnify and hold Seller harmless from and against any and all liability for claims of whatever nature arising out of the entry onto the Property by any agent, employee, associate, independent contractor, or anyone else entering at the request, direction or invitation of Purchaser, provided, however, that (i) this indemnity shall not apply to the extent such liability arises in connection with the negligence or willful misconduct of Seller, and (ii) Purchaser shall have no liability to Seller or to any other person or entity by reason of, nor shall Purchaser have any duty to indemnify, defend or hold any person or entity harmless from or against, any claim, demand, damage, loss, action, liability, cause of action or judgment, including, without limitation, any claim for diminution in value of the Property or for environmental remediation or clean-up costs, arising out of or in connection with the mere fact of having discovered and/or reported (as may be required by law) any adverse physical condition, title condition, or other defect with respect to the Property.

Except for Sections 9 and 10, which are binding upon Seller, and except for Section 11 which is binding on Seller and Purchaser, the parties hereto agree that this Letter of Intent is a non-binding letter of intent that does not create any legally-enforceable covenants between the parties.

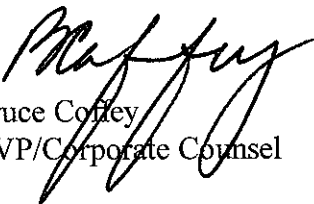
The parties agree that there are other terms and conditions as to which an agreement has not been reached and that this Letter of Intent is not to be construed as a definitive purchase and sale agreement for the transaction contemplated hereby.

If the foregoing is acceptable, please arrange for Seller to sign a copy of this letter in the space provided below and return an executed copy to me no later than 5:00 p.m. on **Friday, August 19, 2016**. If this Letter of Intent is not executed and delivered to Purchaser by such time and date, then this Letter of Intent shall automatically expire. We look forward to your response.

This Letter of Intent may be executed and delivered by facsimile or email (PDF) signature, and in more than one counterpart, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

Sincerely,

COSTCO WHOLESALE CORPORATION



Bruce Coffey
AVP/Corporate Counsel

Exhibits

cc: Scott MacLean
Colliers International
851 SW Sixth Avenue, Suite 1200
Portland, OR 97204
Cheryl Allen (via email)
Peter Kahn (via email)

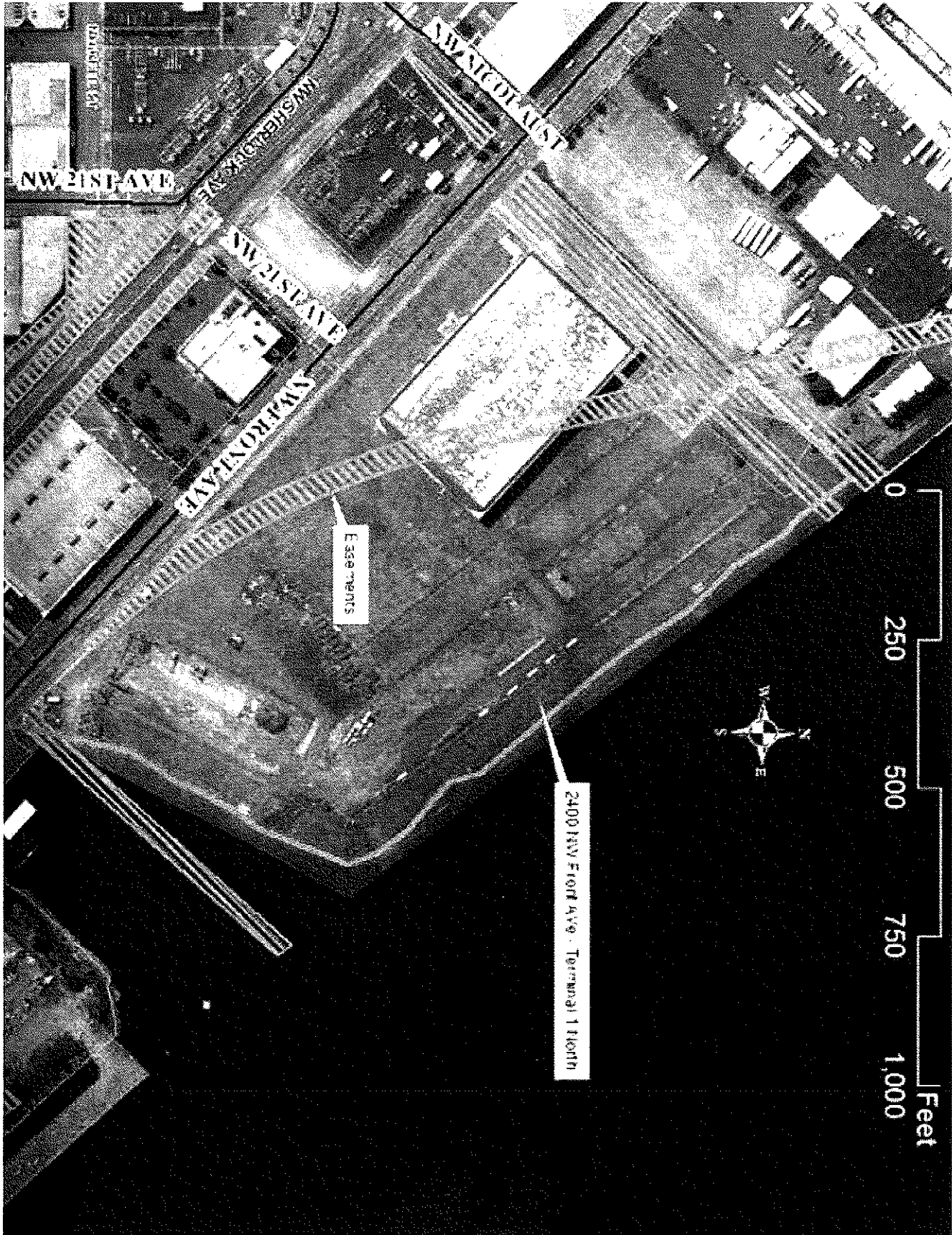
ACCEPTED AND AGREED TO this ____ day of _____, 2016.

**CITY OF PORTLAND
BUREAU OF ENVIRONMENTAL SERVICES**

By _____
Name _____
Title _____

EXHIBIT A
THE PROPERTY

- See the one page following this page.



NW 21ST AVE

NW 21ST AVE

NW 22ND AVE

EASEMENTS

2400 NW Fort Ave. Terminal 1 North

0 250 500 750 1,000 Feet

